

# **Exhibit 1**

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT  
REGIONAL MISSION FOR THE CENTRAL ASIAN REPUBLICS  
KAZAKHISTAN, KYRGYZSTAN, TAJIKISTAN, TURKMENISTAN, & UZBEKISTAN



20 SEP 2002

Doris Bradbury  
Executive Director, SFK  
Soros Foundation - Kazakhstan  
117 Furmanov Str., Almaty  
480091 Kazakhstan

Subject: Cooperative Agreement No. 122-A-00-02-00042-00

Dear Ms. Bradbury:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (USAID) hereby awards to Soros Foundation - Kazakhstan (hereinafter referred to as the "Recipient" or SFK), the sum of \$16,507,402 to provide support for a program in "Drug Demand Reduction in Uzbekistan and Tajikistan" as described in the Schedule of this award and in Attachment B, entitled "Program Description."

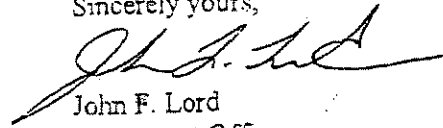
This award is effective and obligation is made as of September 30, 2002 and shall apply to expenditures made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending September 29, 2007.

This award is made to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment A (the Schedule); Attachment B (the Program Description); and Attachment C (the Standard Provisions); all of which have been agreed to by your organization.

PARK PALACE BUILDING, 41 KAZIBEK BI STREET, ALMATY 480100, KAZAKHSTAN

Please sign the original and all enclosed copies of this letter to acknowledge your receipt of the award, and return the original and all but one copy to the undersigned.

Sincerely yours,



John F. Lord  
Agreement Officer  
USAID/CAR, OD, A&A

Attachments:

- A. Schedule
- B. Program Description
- C. Standard Provisions

ACKNOWLEDGED: Soros Foundation - Kazakhstan

BY: Wolens Braden

TITLE: Executive Director

DATE: 30 Sept 2002

122-A-00-02-00042-00

Attachment A

Recipient shall list each country included in the program and the total amount expended for each country under the award for the reporting period in the "Remarks" block on the "Financial Status Report" SF-269 or SF-269A.

## 2. Program Reporting

The Recipient shall submit an original and one copy of a performance report to the Cognizant Technical Officer and Agreement Officer. The performance reports are required to be submitted quarterly and shall contain the following information:

- 1) A comparison of actual accomplishments with the goals and objectives established for the period, the findings of the investigator, or both. Whenever appropriate and the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.
- 2) Reasons why established goals were not met, if appropriate.
- 3) Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

## A.6 SUBSTANTIAL INVOLVEMENT UNDERSTANDINGS

- (a) USAID approval of annual workplans;
- (b) USAID designation of key positions and approval of key personnel;
- (c) USAID approval of monitoring and evaluation plans, and USAID involvement in monitoring progress toward the achievement of program objectives during the course of the cooperative agreement.

## A.7 SPECIAL PROVISION - KEY PERSONNEL

Within 30 days after the effective date of the Agreement, Recipient shall propose the candidate for key personnel position - Project Director/Chief of Party. Full project implementation is subject to USAID approval of the Chief of Party. Until then, advance payment to SFK will be limited to operational expenses, such as communication, recruitment, travel and other administrative costs.

## A.8 INDIRECT COST RATE

Pending establishment of revised provisional or final indirect cost rates, allowable indirect costs shall be reimbursed on the basis of the following negotiated provisional or predetermined rates and the appropriate bases:

Description	Rate	Base	Type	Period
Overhead	13.2%	1/	Provisional	09/30/2002 - until amended

1/Base of Application: Total direct costs excluding subawards in excess of \$25,000 each.

## A.9 CEILING ON INDIRECT COST RATE

Reimbursement for indirect costs shall be at the lower of the negotiated final (or predetermined) rates or the following ceiling rates:

Description	Rate	Base	Period
Overhead	6.4%	1/	2/

FROM : DDRP KAZ

FAX NO. : +7 3272 788111

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MODIFICATION OF ASSISTANCE			Page 1 of 51										
1. MODIFICATION NUMBER 05	2. EFFECTIVE DATE OF MODIFICATION 01-01-2004	3. AWARD NUMBER 122-A-00-02-00042	4. EFFECTIVE DATE OF AWARD 09-30-2002										
5. GRANTEE: Alliance for Open Society International, Inc. (AOSI)  400 West 59th Street New York NY 10019  DUNS NO.: 14-1264610 TIN NO.: 810622025 LOC NO.: BHS-B1573P		6. ADMINISTERED BY: USAID/CAR, A&A Park Palace Building 41 Kazibek Bi Street Almaty 480100, Kazakhstan											
7. FISCAL DATA: Amount Obligated: \$ .00  Budget Fiscal Year: 0 Operating Unit: Strategic Objective: Team/Division: Benefiting Geo Area: Object Class:		8. TECHNICAL OFFICE: USAID/CAR, Health and Education  9. PAYMENT OFFICE: USAID M/EM/CMP Washington, D.C. 20523-0209											
10. FUNDING SUMMARY:		<table border="1"> <thead> <tr> <th>Obligated Amount</th> <th>Total Est. Amt.</th> </tr> </thead> <tbody> <tr> <td>\$4,818,200.00</td> <td>\$16,507,402.00</td> </tr> <tr> <td>Amount Prior to this Modification:</td> <td></td> </tr> <tr> <td>Change Made by this Modification:</td> <td></td> </tr> <tr> <td>New/Current Total:</td> <td>\$4,818,200.00 \$16,507,402.00</td> </tr> </tbody> </table>		Obligated Amount	Total Est. Amt.	\$4,818,200.00	\$16,507,402.00	Amount Prior to this Modification:		Change Made by this Modification:		New/Current Total:	\$4,818,200.00 \$16,507,402.00
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Amount Prior to this Modification:													
Change Made by this Modification:													
New/Current Total:	\$4,818,200.00 \$16,507,402.00												
11. DESCRIPTION OF MODIFICATION: The purpose of this Amendment is to change the recipient in accordance with the Novation Agreement dated 01/01/04 among USAID, Soros Foundation Kazakhstan (SKF) and Alliance for Open Society International, Inc. (AOSI). SKF is replaced with AOSI to implement the Drug Demand Program under the current Cooperative Agreement. Effective on 01/01/2004 the Agreement is converted to LOC payment method for the unexpended portion of funds. Accordingly, the following items are changed: 1) Recipient name; 2) Method of payment and address of the payment office; 3) The budget; 4) Financial Reporting to reflect LOC requirements, reporting on gender issues is included; 5) Provisions on Indirect Cost Rate Ceiling on Indirect Cost Rate are eliminated, since they are not applicable to AOSI; 6) Added provision on key personnel; 7) Program Description revised to incorporate AOSI; 8) Standard provisions for Non-US non-governmental organizations are replaced with Standard provisions for US non-governmental organizations. (continued on page 2)													
12. THIS MODIFICATION IS ENTERED INTO PURSUANT TO THE AUTHORITY OF THE FOREIGN ASSISTANCE ACT OF 1961 AS AMENDED. EXCEPT AS SPECIFICALLY HEREIN AMENDED, ALL TERMS AND CONDITIONS OF THE GRANT REFERENCED IN BLOCK #8 ABOVE, AS IT MAY HAVE HERETOFORE BEEN AMENDED, REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.													
13. GRANTEE: <input checked="" type="checkbox"/> IS <input type="checkbox"/> IS NOT REQUIRED TO SIGN THIS DOCUMENT TO RECONFIRM ITS AGREEMENT WITH THE CHANGES EFFECTED HEREIN													
14. GRANTEE:  BY: <u>Marta Sickles</u> (Name Typed or Printed) TITLE: <u>Ex Director, AOSI Almaty</u> DATE: <u>March 5, 2004</u>		15. THE UNITED STATES OF AMERICA U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT BY: <u>John F. Lord</u> (Name Typed or Printed) TITLE: <u>Agreement Officer</u> DATE: <u>3/5/04</u>											

endorse, utilize, or participate in a prevention method or treatment program to which the organization has a religious or moral objection.”

5. STANDARD PROVISIONS FOR U.S., NONGOVERNMENTAL RECIPIENTS, C.21 CONDOMS is revised as follows:

**“C.21 CONDOMS (JUNE 2005)**

Information provided about the use of condoms as part of projects or activities that are funded under this agreement shall be medically accurate and shall include the public health benefits and failure rates of such use and shall be consistent with USAID's fact sheet entitled, “USAID: HIV/STI Prevention and Condoms. This fact sheet may be accessed at: [http://www.usaid.gov/our\\_work/global\\_health/aids/TechAreas/prevention/condomfactsheet.html](http://www.usaid.gov/our_work/global_health/aids/TechAreas/prevention/condomfactsheet.html)”

6. STANDARD PROVISIONS FOR U.S., NONGOVERNMENTAL RECIPIENTS, C.22 PROHIBITION ON THE PROMOTION OR ADVOCACY OF THE LEGALIZATION OR PRACTICE OF PROSTITUTION OR SEX TRAFFICKING is revised as follows:

**“C.22 PROHIBITION ON THE PROMOTION OR ADVOCACY OF THE LEGALIZATION OR PRACTICE OF PROSTITUTION OR SEX TRAFFICKING (JUNE 2005)**

(a) The U.S. Government is opposed to prostitution and related activities, which are inherently harmful and dehumanizing, and contribute to the phenomenon of trafficking in persons. None of the funds made available under this agreement may be used to promote or advocate the legalization or practice of prostitution or sex trafficking. Nothing in the preceding sentence shall be construed to preclude the provision to individuals of palliative care, treatment, or post-exposure pharmaceutical prophylaxis, and necessary pharmaceuticals and commodities, including test kits, condoms, and, when proven effective, microbicides.

(b) Except as noted in the second sentence of this paragraph, as a condition of entering into this agreement or any subagreement, a non-governmental organization or public international organization recipient/subrecipient must have a policy explicitly opposing prostitution and sex trafficking. The following organizations are exempt from this paragraph: the Global Fund to Fight AIDS, Tuberculosis and Malaria; the World Health Organization; the International AIDS Vaccine Initiative; and any United Nations agency.

(c) The following definition applies for purposes of this provision:

Sex trafficking means the recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act. 22 U.S.C. 7102(9).

(d) The recipient shall insert this provision, which is a standard provision, in all subagreements.

(e) This provision includes express terms and conditions of the agreement and any violation of it shall be grounds for unilateral termination of the agreement by USAID prior to the end of its term.

(End of Provision)”

(End of Modification)